

AMENDED IN SENATE MAY 19, 2008

SENATE BILL

No. 1562

Introduced by Senators Hollingsworth and Ducheny

(Coauthors: Senators Battin, Denham, and Dutton)

*(Coauthors: Assembly Members Anderson, Blakeslee, Horton, La Malfa,
and Maze)*

February 22, 2008

An act to amend Section 211 of, and to add Chapter 7 (commencing with Section 199), Chapter 8 (commencing with Section 199.50), and Chapter 9 (commencing with Section 199.60) to Part 1 of Division 1 of, the Revenue and Taxation Code, relating to disaster relief, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1562, as amended, Hollingsworth. Property taxation: exemption: fruit-bearing and nut-bearing trees: freeze, wildfire, and wind relief.

Existing law authorizes an owner of eligible property, as defined, to apply to a county that has enacted a specified ordinance and has been declared by the Governor to be in a state of emergency as a result of a specified disaster, to defer the payment of the next installment of property taxes on that property, as specified.

This bill would authorize the board of supervisors of counties that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that commenced on January 11, 2007, the board of supervisors of the counties that were the subject of the Governor's proclamations of a state of emergency for the wildfires that commenced on October 21, 2007, and the board of supervisors of the county that was the subject of the Governor's proclamations of a state of emergency for the extremely strong and damaging winds that

commenced on October 20, 2007, to enact a temporary ordinance to authorize a qualified taxpayer, as defined, to defer payment of that taxpayer's first installment of ad valorem property taxes, as specified, without penalty or interest, but only if the taxpayer files an application for the deferral, as specified. This bill would require that the ordinance require a qualified taxpayer to make the full payment of the amount deferred on or before a specified date.

The California Constitution exempts from property taxation fruit and nut trees until 4 years after the season in which they were planted in orchard form and grapevines until 3 years after the season in which they were planted in vineyard form. Existing statutory law implementing these exemptions specifies that any fruit-bearing or nut-bearing tree that was severely damaged during the exemption period by the December 1998 freeze so as to require pruning to the trunk or bud union to establish a new shoot as a replacement for the damaged tree or grapevine, is to be considered a new planting in orchard form.

This bill would modify this statutory provision to also apply to any fruit-bearing or nut-bearing tree that was similarly damaged by the extremely strong and damaging winds that commenced on October 20, 2007, and by the wildfires that commenced on October 21, 2007, that were the subject of the Governor's proclamations of a state of emergency.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 7 (commencing with Section 199) is
- 2 added to Part 1 of Division 1 of the Revenue and Taxation Code,
- 3 to read:

CHAPTER 7. FREEZE RELIEF: PROPERTY TAX DEFERRED

199. (a) Notwithstanding any other law, the board of supervisors of a county that was the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that commenced on January 11, 2007, may enact a temporary ordinance to authorize a qualified taxpayer to defer payment of that taxpayer's first installment of ad valorem property taxes due for the 2008–09 fiscal year, if all of the following conditions are met:

(1) The ordinance requires that an application for a deferral be submitted by a qualified taxpayer on or before November 1, 2008.

(2) The ordinance requires the qualified taxpayer to pay the entire amount of the deferred installment, without penalty or interest, on or before December 10, 2009.

(b) For purposes of this section, "qualified taxpayer" means a person or entity that meets all of the following criteria:

(1) The person or entity is engaged in an industry described in Codes 1111 to 1119, inclusive, of the North American Industry Classification System Manual published by the United States Office of Management and Budget, 2002 edition.

(2) As a result of the severe freezing conditions that commenced on January 11, 2007, the person or entity suffered a revenue loss of 60 percent or more of the projected income of the person or entity for the 2007 calendar year. ~~A person or entity seeking a deferral under this section shall provide documentation in the deferred application including, but not limited to, crop insurance data, shipping statements from packing houses, or copies of applications submitted to governmental entities documenting disaster losses, to verify that revenue loss of the person or entity was equal to or exceeded 60 percent.~~ *entity for the 2007 calendar year.*

(c) *A person or entity seeking a deferral under this section shall apply to the assessor, estimate the percentage revenue loss, and provide documentation in the deferral application including, but not limited to, crop insurance data, shipping statements from packing houses, or copies of applications submitted to governmental entities documenting disaster losses, to verify that the revenue loss of the person or entity was equal to or exceeding*

1 60 percent. *The assessor may request additional information*
2 *necessary to verify the revenue loss of the person or entity.*

3 SEC. 2. Chapter 8 (commencing with Section 199.50) is added
4 to Part 1 of Division 1 of the Revenue and Taxation Code, to read:

5
6 CHAPTER 8. WILDFIRE RELIEF: PROPERTY TAX DEFERRED
7

8 199.50. (a) Notwithstanding any other law, the board of
9 supervisors of the Counties of Los Angeles, Orange, Riverside,
10 San Bernardino, San Diego, Santa Barbara, and Ventura, which
11 were the subject of the Governor's proclamations of a state of
12 emergency for the wildfires that commenced on October 21, 2007,
13 may enact a temporary ordinance to authorize a qualified taxpayer
14 to defer payment of that taxpayer's first installment of ad valorem
15 property taxes due for the 2008–09 fiscal year, if all of the
16 following conditions are met:

17 (1) The ordinance requires that an application for a deferral be
18 submitted by a qualified taxpayer on or before November 1, 2008.

19 (2) The ordinance requires the qualified taxpayer to pay the
20 entire amount of the deferred installment, without penalty or
21 interest, on or before December 10, 2009.

22 (b) For purposes of this section, "qualified taxpayer" means a
23 person or entity that meets all of the following criteria:

24 (1) The person or entity is engaged in an industry described in
25 Codes 1111 to 1119, inclusive, of the North American Industry
26 Classification System Manual published by the United States Office
27 of Management and Budget, 2002 edition.

28 (2) As a result of the wildfires that commenced on October 21,
29 2007, the person or entity suffered a revenue loss of 60 percent or
30 more of the projected income of the person or entity for the 2008
31 calendar year. ~~A person or entity seeking a deferral under this~~
32 ~~section shall provide documentation in the deferred application~~
33 ~~including, but not limited to, crop insurance data, shipping~~
34 ~~statements from packing houses, or copies of applications~~
35 ~~submitted to governmental entities documenting disaster losses,~~
36 ~~to verify that revenue loss of the person or entity was equal to or~~
37 ~~exceeded 60 percent. calendar year.~~

38 (c) *A person or entity seeking a deferral under this section shall*
39 *apply to the assessor, estimate the percentage revenue loss, and*
40 *provide documentation in the deferral application including, but*

1 *not limited to, crop insurance data, shipping statements from*
2 *packing houses, or copies of applications submitted to*
3 *governmental entities documenting disaster losses, to verify that*
4 *the revenue loss of the person or entity was equal to or exceeding*
5 *60 percent. The assessor may request additional information*
6 *necessary to verify the revenue loss of the person or entity.*

7 SEC. 3. Chapter 9 (commencing with Section 199.60) is added
8 to Part 1 of Division 1 of the Revenue and Taxation Code, to read:

10 CHAPTER 9. WIND RELIEF: PROPERTY TAX DEFERRED

11
12 199.60. (a) Notwithstanding any other law, the board of
13 supervisors of the County of Riverside, which was the subject of
14 the Governor's proclamations of a state of emergency for the
15 extremely strong and damaging winds that commenced on October
16 20, 2007, may enact a temporary ordinance to authorize a qualified
17 taxpayer to defer payment of that taxpayer's first installment of
18 ad valorem property taxes due for the 2008–09 fiscal year, if all
19 of the following conditions are met:

20 (1) The ordinance requires that an application for a deferral be
21 submitted by a qualified taxpayer on or before November 1, 2008.

22 (2) The ordinance requires the qualified taxpayer to pay the
23 entire amount of the deferred installment, without penalty or
24 interest, on or before December 10, 2009.

25 (b) For purposes of this section, "qualified taxpayer" means a
26 person or entity that meets all of the following criteria:

27 (1) The person or entity is engaged in an industry described in
28 Codes 1111 to 1119, inclusive, of the North American Industry
29 Classification System Manual published by the United States Office
30 of Management and Budget, 2002 edition.

31 (2) As a result of the extremely strong and damaging winds that
32 commenced on October 20, 2007, the person or entity suffered a
33 revenue loss of 60 percent or more of the projected income of the
34 person or entity for the 2008 calendar year. ~~A person or entity~~
35 ~~seeking a deferral under this section shall provide documentation~~
36 ~~in the deferred application including, but not limited to, crop~~
37 ~~insurance data, shipping statements from packing houses, or copies~~
38 ~~of applications submitted to governmental entities documenting~~
39 ~~disaster losses, to verify that revenue loss of the person or entity~~
40 ~~was equal to or exceeded 60 percent.~~

1 (c) A person or entity seeking a deferral under this section shall
2 apply to the assessor, estimate the percentage revenue loss, and
3 provide documentation in the deferral application including, but
4 not limited to, crop insurance data, shipping statements from
5 packing houses, or copies of applications submitted to
6 governmental entities documenting disaster losses, to verify that
7 the revenue loss of the person or entity was equal to or exceeding
8 60 percent. The assessor may request additional information
9 necessary to verify the revenue loss of the person or entity.

10 SEC. 4. Section 211 of the Revenue and Taxation Code is
11 amended to read:

12 211. (a) (1) The exemption of fruit- and nut-bearing trees
13 until four years after the season in which they were planted in
14 orchard form and grapevines until three years after the season in
15 which they were planted in vineyard form is as specified in
16 subdivision (i) of Section 3 of Article XIII of the California
17 Constitution.

18 (2) For purposes of exemption pursuant to this subdivision, any
19 fruit- or nut-bearing tree, or any grapevine, severely damaged
20 during the exemption period by the December 1990 freeze so as
21 to require pruning to the trunk or bud union to establish a new
22 shoot as a replacement for the damaged tree or grapevine, shall be
23 considered a new planting in orchard or vineyard form.

24 (3) For purposes of exemption pursuant to this subdivision, any
25 fruit- or nut-bearing tree severely damaged during the exemption
26 period by the December 1998 freeze or the January 2007 freeze
27 so as to require pruning to the trunk or bud union to establish a
28 new shoot as a replacement for the damaged tree shall be
29 considered a new planting in orchard form.

30 (4) For purposes of exemption pursuant to this subdivision, any
31 fruit- or nut-bearing tree severely damaged during the exemption
32 period by the extremely strong and damaging winds that
33 commenced on October 20, 2007, that were the subject of the
34 Governor's proclamations of a state of emergency so as to require
35 pruning to the trunk or bud union to establish a new shoot as a
36 replacement for the damaged tree shall be considered a new
37 planting in orchard form.

38 (5) For purposes of exemption pursuant to this subdivision, any
39 fruit- or nut-bearing tree severely damaged during the exemption
40 period by the wildfires that commenced on October 21, 2007, that

1 were the subject of the Governor's proclamations of a state of
2 emergency so as to require pruning to the trunk or bud union to
3 establish a new shoot as a replacement for the damaged tree shall
4 be considered a new planting in orchard form.

5 (b) The exemption of timber is as specified in subdivision (j)
6 of Section 3 of Article XIII of the California Constitution and
7 Section 436.

8 SEC. 5. Notwithstanding Section 2229 of the Revenue and
9 Taxation Code, no appropriation is made by this act and the state
10 shall not reimburse any local agency for any property tax revenues
11 lost by it pursuant to this act.

12 SEC. 6. This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to provide tax relief to assist those whose property was
17 damaged by the freeze that commenced on January 11, 2007, the
18 extremely strong and damaging winds that commenced on October
19 20, 2007, and the wildfires that commenced on October 21, 2007,
20 as soon as possible, it is necessary that this act take effect
21 immediately.